

Dear Fellow Shareholder,

Investment Portfolio Outperformance

In 2020, both the Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG) investment portfolios delivered strong investment portfolio performance. FGX increased 10.0%*, outperforming the S&P/ASX All Ordinaries Accumulation Index by 6.4%. FGG increased 14.3%*, outperforming the MSCI AC World Index (AUD) by 8.2%.

In December, the FGG investment portfolio outperformed the MSCI AC World Index (AUD), with the investment portfolio increasing 1.3%* during the month while the Index increased 0.1%. The FGX investment portfolio increased 1.7%* while the S&P/ASX All Ordinaries Accumulation Index rose 1.8%.

Since inception, the FGX investment portfolio has increased 9.6%* per annum and the FGG investment portfolio has increased 11.0%* per annum, outperforming their respective benchmarks. The investment portfolios' outperformance has been achieved with less volatility than their indexes, as measured by standard deviation.

We are incredibly grateful to Future Generation's fund managers for their outstanding generosity that allows us to support and invest in our charity partners each year. I would like to thank our fund managers for their collective outperformance that drove an increase in both the fully franked dividends and donations in 2020 for both FGX and FGG, and our shareholders for their continued support of the Future Generation companies.

EL&C Baillieu selects Future Generation Australia as its top pick again

Future Generation Australia was once again selected by [EL&C Baillieu](#) as its top pick in its monthly listed investment companies update. The stockbroker highlighted Future Generation Australia's unique feature that provides "access to some of Australia's most successful investors" and the social investment the company makes every year.

Conversations with Future Generation podcast

[Season one](#) of Conversations with Future Generation recorded nine episodes in 2020 with amazing Australians who are leading the way in the worlds of investing, philanthropy, mental health, and supporting children and youth at risk. We look forward to bringing you season two from February.

In case you missed it, I was joined by Paradise Investment Management Founder and Managing Director David Paradise AO for our [final podcast episode](#) of 2020. The episode was covered by the [Australian Financial Review](#).

Kind regards,



Louise Walsh
Chief Executive Officer



*Investment portfolio performance and Index returns are before expenses, fees and taxes.

\$41.2m

SOCIAL
INVESTMENT
TO 2020



\$4.8m

Future
Generation
Australia 2020

\$5.7m

Future
Generation
Global 2020

2020 total social
investment

\$10.5m

2020 annualised
management fees,
performance fees
and services forgone

\$13.1m

Total annualised
fees forgone
since inception to
2020

\$69.6m

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2014)
132.32c	\$532.3m	9.6%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation [#]	Volatility [^]
132.40c	\$500.4m	11.8%
		S&P/ASX All Ordinaries Accumulation Index: 14.9%
Net tangible assets after tax	Annualised fully franked interim dividend yield [#]	Dividends paid since inception (per share)
126.80c	4.2%	24.7c

[#]Based on the 31 December 2020 share price of \$1.25 per share and the annualised fully franked interim dividend of 5.2 cents per share. Future Generation Australia has 400,343,988 shares on issue.

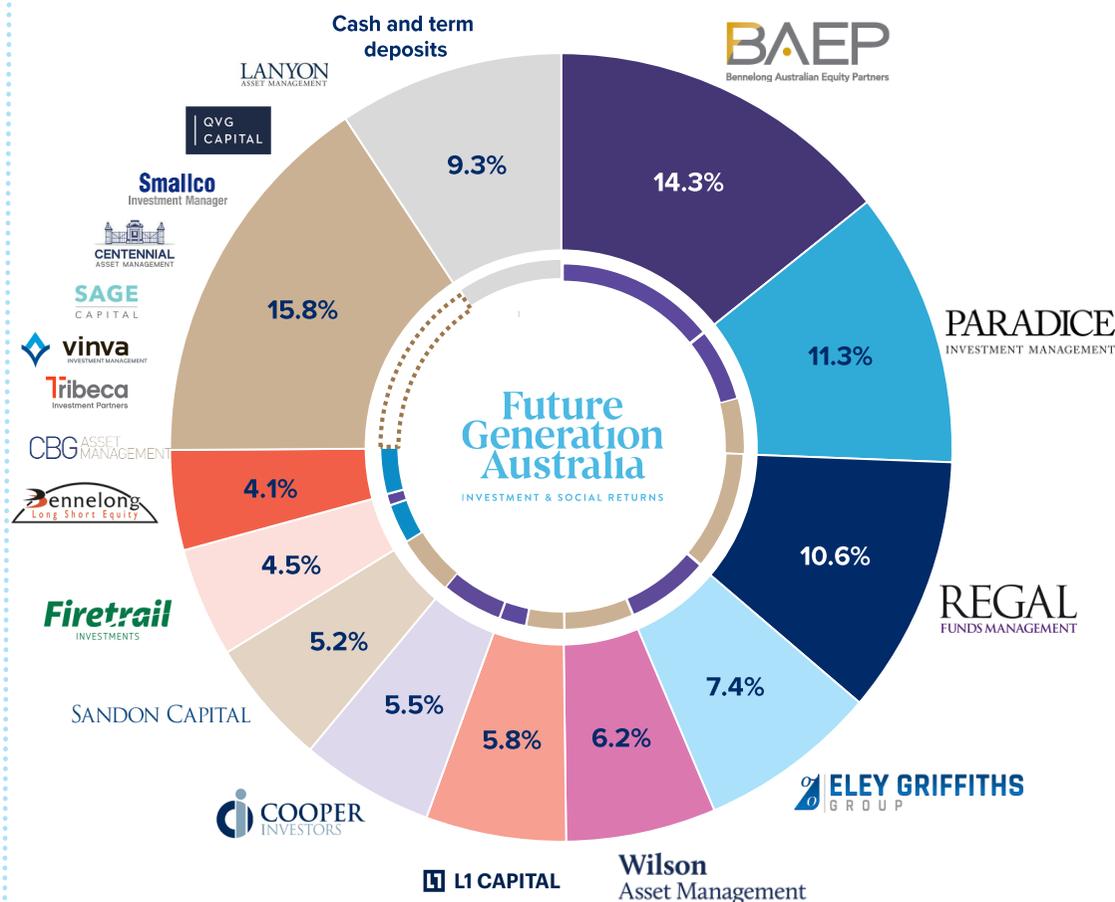
[^]Volatility is measured by standard deviation.

Investment portfolio performance at 31 December 2020	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-14)
Future Generation Australia	1.7%	18.4%	10.0%	8.5%	9.2%	9.6%
S&P/ASX All Ordinaries Accumulation Index	1.8%	15.7%	3.6%	7.4%	9.3%	7.5%

Investment performance and Index returns are before expenses, fees and taxes

Fund manager allocations

0% management fees
0% performance fees



During the month, Future Generation Australia exited its holding in the LHC Capital Australia High Conviction Fund.

Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
162.48c*	\$641.6m	11.0%
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation#	Volatility**
162.74c	\$589.4m	9.1% MSCI AC World Index (AUD): 10.7%
Net tangible assets after tax	2020 fully franked dividend	ESG aware^ (of the portfolio)
150.49c	2.0c	98.8%

*The NTA before tax figure is after the payment of \$7.3m (1.85 cents per share) in tax during the month in relation to the 2020 income tax year.

#Based on the 31 December 2020 share price of \$1.50 per share and 392,947,106 shares on issue.

**Volatility is measured by standard deviation.

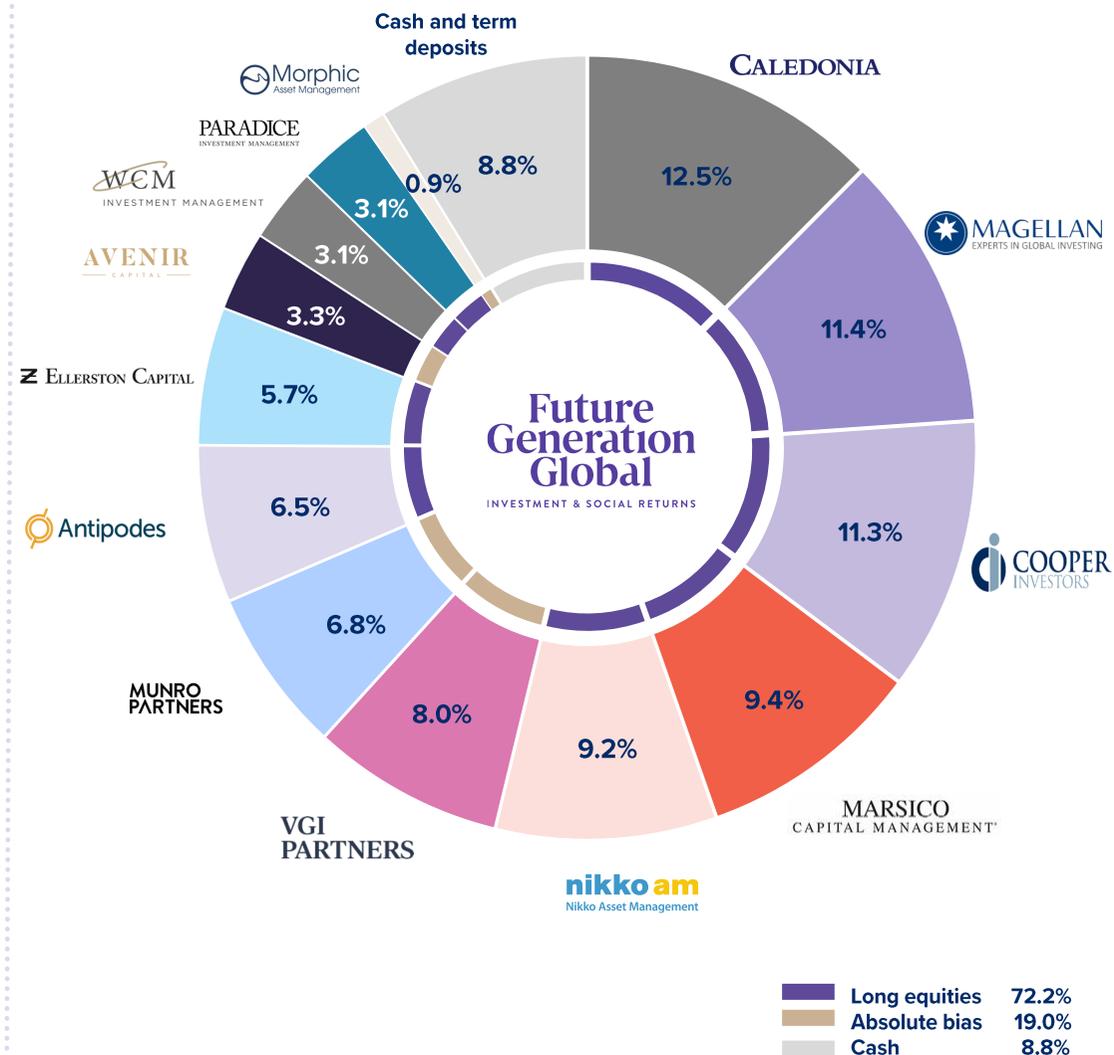
^Based on the 2019 Annual Report.

Investment portfolio performance at 31 December 2020	1 mth	6 mths	1 yr	3 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	1.3%	13.9%	14.3%	13.6%	11.0%
MSCI AC World Index (AUD)	0.1%	11.0%	6.1%	10.6%	10.2%

Investment performance and index returns are before expenses, fees and taxes.

Fund manager allocations

0% management fees
0% performance fees



During the month, Future Generation Global made an additional investment of \$13.1 million in the VGI Partners Fund.

Fund manager in focus:

**MUNRO
PARTNERS**

**Future
Generation
Global**

About Munro Partners

Munro Partners is a global investment manager with a core focus on growth equities. Established in 2016 by an award-winning investment team with a 15-year proven track record of strong returns, the business has over \$3 billion in assets under management and is owned and controlled by key staff. Via their proprietary investment process, Munro Partners invests alongside their clients to benefit from some of the key structural changes that occur in the world today. The business is Australian domiciled, with its head office based in Melbourne.

About Munro Global Growth Fund

Munro Partners manages the long/short absolute return mandate: the Munro Global Growth Fund. Index-unaware, aiming for meaningful absolute returns through the investment cycle, while maintaining a capital preservation mindset, Munro's flexible investment mandate allows it to dynamically manage its market exposure and its currency exposure to protect clients' capital and to enhance the long-term returns of investments.

Munro Partners: Munro Global Growth Fund

Our investment style

Munro Partners identifies sustainable growth trends that are under-appreciated, not well understood and mispriced by the market, and the resulting winning and losing stocks. The philosophy is based on three overriding principals: earnings growth drives stock prices; sustained earnings growth is worth more than cyclical earnings growth; and the market will often misprice growth and its sustainability.

The investment process generates a high hit rate of performing ideas and allows them to be appropriately sized and monetised over long time periods.

Our market outlook

2020 changed the way people live their lives. Munro Partners anticipates that habits formed during the pandemic will likely stick in 2021 as the world continues to transition to new ways of shopping, working, learning, consuming, entertainment and paying. Areas such as digital enterprise, digital payments and e-commerce should continue to deliver strong upcoming earnings results and provide bullish outlook statements. These new behaviours have created structural changes and consequently, accelerated growth in many of these areas.

Further, Munro Partners will also look to "follow the money". With a backdrop of ultra-low interest rates and worldwide quantitative easing, the case for equities rather than bonds currently remains strong. In addition, with further investments in renewables, batteries, transport and energy efficiency from the European Union and a Biden-led presidency, we believe climate as an area of interest has strong tailwinds.

The major near-term risk to Munro Partners' broadly positive outlook remains to be the coronavirus. While vaccines are on the way, Munro Partners thinks equity markets will, for the most part, look through lockdowns as most large companies have the wherewithal to survive and make it through to the other side. Where the coronavirus would become a greater concern would be if there were to be any material setbacks in the roll-out of vaccines (for example, loss of public trust and distribution issues).

Why we support Future Generation

Munro Partners is pleased to be able to support Future Generation's designated charities as it aligns with Munro Partners' adherence to Environmental, Social and Government (ESG) considerations at fund, partnership and personal levels.

Munro Partners Munro Global Growth Fund

Performance at 31 December 2020	6 mths	1 yr	2 yrs %pa	3 yrs %pa	Since inception %pa (Aug-16)
Munro Global Growth Fund	18.2%	40.6%	25.7%	17.4%	15.5%

Investment returns are net of management costs and assume distributions have been reinvested.

For more information, visit munropartners.com.au

The Future Generation companies provide exposure to leading Australian and global fund managers.

Future Generation Australia fund managers



Future Generation Global fund managers



Charity in focus:



About the ACMF

The Australian Children's Music Foundation (ACMF) provides free, long-term music classes and instruments to disadvantaged children to inspire creativity, nurture self-esteem and improve educational outcomes. Since inception, ACMF has provided over 233,500 free music lessons, donated over \$1 million worth of musical instruments and received over 27,000 entries in the ACMF National Songwriting Competition.

Read a Q&A with Founder and CEO of ACMF, Don Spencer OAM [here](#).

The ACMF and Future Generation

In 2020, ACMF was able to deliver music programs to over 1,000 disadvantaged children each week in both New South Wales and Victoria. The support of Future Generation Australia has enabled ACMF to continue the National Schools Songwriting Competition which has received 35,000 entries to date, and funded regional music programs to bring families, communities and schools together through concerts and performances.

For more information, visit acmf.com.au

Our designated charities



Our pro bono service providers



**Fund manager
allocation and
investments at
market value as
at 31 December
2020**

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.3%
	Mid Cap/Long Short Equities Funds (split out below)		11.3%
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	6.5%
	Paradice Long Short Australian Equities Fund	Absolute bias	4.8%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.6%
	Small/Emerging Companies Funds (split out below)		7.4%
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.1%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.2%
	Long Short/Australian Equities Funds (split out below)		5.8%
L1 Capital	L1 Capital Long Short Fund	Absolute bias	3.4%
	L1 Capital Australian Equities Fund	Long equities	2.4%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.5%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.2%
	Absolute Return/High Conviction Funds (split out below)		4.5%
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.5%
	Firetrail High Conviction Fund	Long equities	1.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	4.1%
CBG Asset Management	CBG Asset Australian Equities Fund	Long equities	2.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.5%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.5%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.0%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.7%
QVG Capital	QVG Opportunities Fund	Long equities	1.3%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.1%
	Cash and term deposits		9.3%

Future Generation Global

INVESTMENT & SOCIAL RETURNS

Fund manager allocation and investments at market value as at 31 December 2020

Fund Manager	Investment	Strategy	% of Gross Assets
Caledonia	Caledonia Fund	Long equities	12.5%
Magellan Asset Management	Magellan Global Fund	Long equities	11.4%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.3%
Marsico Capital Management	Marsico Global Fund	Long equities	9.4%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.2%
VGI Partners	VGI Partners Funds	Absolute bias	8.0%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.8%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	6.5%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	5.7%
Avenir Capital	Avenir Global Fund	Absolute bias	3.3%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	3.1%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.1%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and term deposits		8.8%